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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Assessment and Collection of
Regulatory Fees for Fiscal Year
1995

MD Docket No. 95-3

DOCKET FILE COPY ORIGINAL

REPLY COMMENTS
OF THE
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association ("NTCA")
submits these Reply Comments to the comments to the January 12,
1995 Notice of Proposed Rule Making on regulatory fees.

NTCA is a national association of approximately 500 local
exchange carriers ("LECs") providing telecommunications services
to subscribers and interexchange carriers throughout rural and
small-town America. NTCA's comments are limited to the changes
proposed for the imposition of regulatory fees on the non-mobile
interstate services provided by its LEC members. These LECs are
small companies generally serving no more than 50,000 access
lines. They operate efficiently and have few employees for the
most part. Consequently, they favor simplified administrative
procedures that reduce regulatory burdens and permit them to
dedicate principal resources to the provision of quality services
to their subscribers. NTCA supports regulatory fee changes that
promote these objectives.

A number of commenting parties urge the Commission to adopt
a fee structure for non-mobile LEC and IXC interstate services on

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the basis of interstate revenues.¹ US West Communications, Inc. and Southwestern Bell Corporation point out that a methodology based solely on interstate revenues has the advantages that include the following: (1) it is a model currently in operation in the industry and, overall, is successful; (2) it allows for collection from a broad base of telecommunications entities, entities virtually identical to the expanded class of carrier entities suggested by the Commission in its proposal; (3) it is technology-neutral; and (4) it reduces the burden of regulatory oversight and carrier resource dedication to the implementation of what is a compliance process.²

The successful model which US West and SBC make reference to is already in use for the funding of shared Telecommunications Relay Services ("TRS"). The National Exchange Carrier Association, Inc., ("NECA"), supports use of the TRS model. NECA has had experience with the TRS model and believes that the model would capture the desired payers equitably through the use of an interstate revenue base. NECA also believes the model can be administered with ease. In particular, it believes this alternative would provide the Commission with fees allocated to special access without special data collections or administratively difficult analyses such as what would be required in the proposal to use minutes of use ("MOUs") to

¹ See, e.g., Comments of US West Communications, Inc., National Exchange Carriers Association, Inc., MFS Communications Company, Inc., AT&T Corp., and Southwestern Bell Corporation.

² US West Comments at 3, SBC at 2-3.

determine fees.³ NECA also points out that the alternative proposal to use presubscribed lines ("PSLs") is also not without flaws. Although PSL information is currently available, LECs would need to add complex administrative procedures and methodologies to determine voice equivalent lines, a procedure required to calculate the fee for non-switched services, including special access.⁴

NTCA agrees with NECA, US West and others who advocate a model based on interstate revenues. As pointed out by these parties, the model will promote the efficient administration of the fees by reducing burdens through the avoidance of novel and complicated analysis. NTCA also agrees with AT&T that if the Commission adopts the MOUs alternative to determine fees, it should use the correct level of demand to calculate the rate per 1000 minutes. AT&T points out that the 413 billion minutes used by the Commission understates demand by 50% and yields a proposed \$.08 per 1000 minutes rate rather than the correct \$.042 per 1000 rate resulting from use of an accurate demand figure.⁵

³ NECA Comments at 3-5.


⁴ NECA Comments at 2.

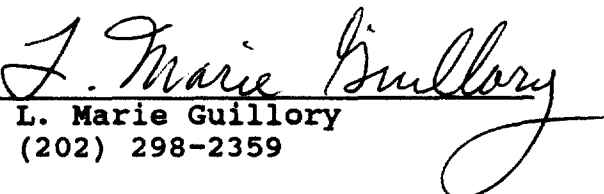
⁵ AT&T Comments at 8, also Comments of NYNEX Companies at 4.

In conclusion, NTCA urges adoption of a regulatory fee structure that is administratively simple and that imposes no additional regulatory burdens on its LEC members.

Respectfully submitted,

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February 28, 1995

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I, Gail C. Malloy, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in MD Docket No. 95-3 was served on this 28th day of February 1995, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached service list:


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